

The U.S. House of Representatives should support a Senate amendment to the financial overhaul bill that limits "swipe" fees charged to retailers who accept debit cards, a group of lawmakers told Speaker Nancy Pelosi.

"It helps level the playing field between small businesses and credit-card companies," Representatives Peter Welch, Democrat of Vermont, and Republican Bill Shuster and Democrat Chris Carney, both of Pennsylvania, wrote in a letter to Pelosi.

The proposal, which many Wall Street analysts had dismissed as unlikely to become law, was approved 64-33 in the Senate with support from 17 Republicans and has "strong momentum," Welch said today at a news conference with Representatives Walter Jones, a North Carolina Republican, Keith Ellison, Democrat of Minnesota, and John Hall, Democrat of New York.

"The House will review the amendment and the issue will be resolved in conference," Pelosi spokesman Nadeam Elshami said today in an e-mail. Representative Barney Frank, a Massachusetts Democrat and chairman of the House Financial Services Committee, will lead a bipartisan panel of lawmakers assigned to merge the House and Senate versions of the overhaul legislation.

"Given the heavy vote of support in the Senate, some version will be in the final bill," Frank was quoted as saying in a report by the Hartford Courant.

The amendment initially put forth by Senator Richard Durbin, the Illinois Democrat and majority whip, would empower the Federal Reserve to curb debit-card interchange fees, which average about 1 percent of a transaction. Payment networks led by San Francisco-based Visa Inc. and MasterCard Inc. set interchange rates and pass on that money to card-issuing banks.

\$40 Billion

The amendment doesn't seek to cap interchange rates on credit cards, which average about 2

percent. Together, the fees generate more than \$40 billion a year for U.S. lenders including JPMorgan Chase & Co. and Citigroup Inc., both based in New York, and Charlotte, North Carolina-based Bank of America Corp.

Visa and MasterCard each have declined more than 22 percent in the past month in New York Stock Exchange trading, compared with an 11 percent fall in the Standard & Poor's 500 Index. While Visa and MasterCard don't derive revenue from interchange, banks that do may seek to pay lower royalties to the networks if the lenders' swipe-fee income is reduced.

Durbin's amendment also would allow merchants to tailor discounts for cash and checks and by credit-card brand, meaning a customer may be asked to pay more for using one network over another.

Visa dropped \$1.58, or 2.1 percent, to \$72.97 at 4:15 p.m. MasterCard, based in Purchase, New York, fell 1.4 percent to \$206.87.

Welch co-sponsored a bill with Shuster last year to limit fees on premium credit cards. Those cards, which typically carry higher interchange to help fund rewards programs such as those offering points or airline miles, hurt "mom-and-pop" merchants, Welch has said. Frank has said that bill wouldn't be on his committee's agenda this year.